



1634 Eye Street, N.W.
Suite 510
Washington, D.C. 20006

Colin Sandy
Government Relations Counsel

202-682-2496
csandy@neca.org

October 21, 2011

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109

Today Michael Romano, on behalf of the National Telecommunications Cooperative Association, together with Regina McNeil, Jeffrey Dupree, Richard Askoff and the undersigned from the National Exchange Carrier Association; Gerard Duffy representing the Western Telecommunications Alliance, and Stuart Polikoff representing the Organization for the Promotion and Advancement of Small Telecommunications Companies ("Rural Associations") met with Austin Schlick, Julie Veach, Nandan Joshi, and Douglas Klein of the FCC Office of General Counsel and Albert Lewis, Douglas Slotten and Amy Bender of the Wireline Competition Bureau to discuss matters related to the above-referenced proceeding. Ms. McNeil, Mr. Dupree, Mr. Askoff and the undersigned participated via conference call.

The Rural Associations expressed concern that changes to the current intercarrier compensation mechanisms could result in year-over-year decreases in access recovery that are not tied to costs. In particular, the Rural Associations emphasized that

Restructure Mechanism funding may not accurately reflect changes in revenue requirements, and may also have undesirable impacts on both switched and special access pools. The Rural Associations also urged caution in attempting to the effective impact of such proposals on the reasonable opportunity to earn the prescribed rate of return.

The Rural Associations also stated that any formulas designed to constrain operating expenses or capital investments would present new and novel questions and should be decided by the full Commission rather than on delegated authority at the Bureau level.

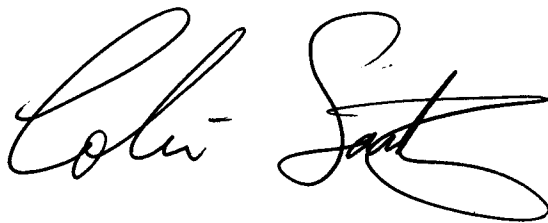
Furthermore, the Rural Associations noted that there is certainly no record basis to consider a mobile broadband and voice provider as an “unsubsidized competitor” for purposes of disqualifying support to a carrier providing fixed service. To the extent any newly created “Mobility Fund” support goes to an area in which an unsubsidized wireline or other fixed service provider operates, the adoption of such a rule would be patently discriminatory – USF/CAF support would be “technology agnostic” for one support stream, but not for another. The Rural Representatives emphasized that fixed and mobile services should be considered “complementary,” rather than as “substitutable” for the many reasons already set forth in the record. *See, e.g.,* Comments of the Nebraska Rural Independent Companies, (filed July 12, 2010), at Appendix A, pp. 17-18; Comments of NTCA, *et al.*, (filed July 12, 2010), at 12.

Strong concerns were also voiced regarding the adverse effects of a forced transition to price cap regulation for average schedule affiliates of Price Cap carriers.

Finally, the Rural Associations noted that a “bill and keep” approach to setting rates presented concerns under the Communications Act of 1934, as amended, including whether such an approach would satisfy the statutory standard that provides for the recovery of transport and termination costs through intercarrier compensation.

Pursuant to FCC Rule § 1.1206, a copy of this notice has been filed via ECFS with your office. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin Saut". The signature is fluid and cursive, with the first name "Colin" and last name "Saut" clearly distinguishable.

cc:

Austin Schlick
Julie Veach
Douglas Klein
Nandan Joshi
Albert Lewis
Amy Bender
Douglas Slotten